

**Statement by
Jason A. Scales
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at the
Farm Credit Administration Public Meeting
on
Enhancing Farm Credit System Service to
Young, Beginning, and Small Farmers and Ranchers
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Mr. Chairman and members of the Farm Credit Administration, thank you for the opportunity to speak to you today about the difficulties that young people face entering production agriculture. My name is Jason Scales and I am currently an Agriculture Education instructor for the Warrensburg Area Vocational Technical School teaching at two rural schools in Johnson County, MO. This is my fifth year teaching and I am concerned about the future as it relates to young people and their opportunity to enter production agriculture.

I am not from the farm and really have not been involved in agriculture for more than ten years. I was raised in Lees Summit, MO, where my parents still live today. My interest in agriculture was sparked in college when I enrolled in a Global Agriculture class and began to find my niche. Three years and 2000 hours of work experience later I graduated with a bachelor's degree in Agriculture Education from Central Missouri State University. Upon graduation I looked for ways to enter production agriculture and today I would like to tell that story and give my thoughts about what could be done to help people like my self to enter the impossible industry of production agriculture.

In the past I attended a national young farmer and rancher conference put on by Successful Farming. Talked with legislatures, local farmers, and bankers about the issue. The biggest problem is the availability of capital and money needed by beginning farmers. There is a beginning farmer loan program and even a loan program to help with the down payment. Although these are good, the problem is not necessarily borrowing the money it is acquiring land at a decent price and being able *to* make enough profit *to* support a family and make the payments on the property. Many people are like me and have nothing to start with but a dream. Without having the support of a family farm or wealthy parents to help, I look to government programs and organizational programs to help me in getting started.

There are state and national beginning Farmer and Rancher loan programs as mentioned before that need a 10 percent down payment. If I were looking into this loan I would need up to \$25,000 for the down payment. This will take me a while to save up and hopefully I can. I also understand that collateral of the same amount in livestock could also work. One problem is the opportunity to acquire this. In my area it is very difficult to find land to rent. With this I mean that it is a closed system. If a farmer or a landowner has land to rent then typically they will call a neighbor or buddy to check with them first and usually it is a matter of hours before the land is taken. My idea is to start a land bank that would have to be overlooked by some organization but would allow any landowner

to sign their land up to make it available to a beginning agriculturalist. This could be a voluntary program or one that would have incentives for the landowner. This could be regulated by a local board and leased on an application basis followed by a sound business plan. With more absentee landowners this will allow them to possibly have a little income and help some young farmers get a leg up that they may not otherwise get.

Another problem that I see is that the average fulltime farmers age is not falling and according to the census on agriculture well over half the farmers are above 50 years of age that classify farming as their sole income. With this aging group we are losing many resources for beginning and new farmers. Maybe there could be a guaranteed loan system that would allow for a young person to pay for half of a farm up front and owner finance the rest. This program would link the wise with the eager and provide security net for the farm. The older farmer would act as a mentor for the beginning farmer to bounce ideas off of and learn about the industry. Who knows the land and local markets better than the veteran farmer. If the loan was guaranteed through a linking program then the risk to the farmer will be insignificant. Still the beginning farmer would have an invaluable resource. This would work like the Land Link program but modified a little.

Guaranteed loans are yet another avenue to explore for beginning farmers. Four years ago when financing my house I approached the bank to start a line of credit to rent land and purchase cattle. The loan officer would not give me the line of credit because he felt that it is an industry he needed to protect me from. When I called the Farm Credit Services Center I found that they would give me a line of credit but I had to be turned down three times by public lenders. Why are young beginning farmers having to get bet down before they get the needed help. Often the roadblocks are so humbling that many people fail in their own minds before the help is available.

One of the other problems facing young farmers are the land prices and competition to get the land. Recently I heard about a farm coming up for sale that was a total of 120 acres with a decent house and two out buildings. Before I could call the landowner it was under contract by a local developer for around \$2,000 an acre without the house and 5 acres that was under another contract. Today it is divided into three to five acre lots selling for \$20-\$24,000 per lot. How can a young person without any support afford to purchase land at that price. It is too expensive to justify the expense and expect it to pay for itself.

I have been told to start a hobby farm and grow organic vegetables and sell in the local community because I can make over \$1,000 an acre. That would be great if I loved asparagus and other vegetables but that is not were my interests are.

Somehow some way we need to make a system where the older generation in agriculture has an incentive to work with the farmers of tomorrow. I do not blame people for selling their land at inflated prices because they are making more money to retire on or do other things. On the other hand what are we truly doing but increasing our dependence on foreign markets to supply the food we eat. We are currently seeing a trend of American farmers going south to Brazil to farm. Is this attractive, yes, because of the low input and labor cost profits can be made. Unlike today in this system in the U.S. where inputs are high and profits are low. Beginning farmers like myself and the students that I brought with me, cannot afford to enter agriculture unless your family has been farming and most of the farm is paid off along with the equipment. In college I was told that a family of 4

needed to be supported by 1500 acres of row crop to keep both husband and wife home and make enough to pay the bills and feed the family. So I figured it up and buying land at a modest \$750 an acre with buying conservatively priced used equipment was an investment of 1.5 million dollars. Granted this is truly not feasible it is an illustration of what I am facing being an individual with NOTHING and wanting to enter an industry that is highly restrictive.

New opportunities need to be explored as in new coops and new generation farms that raise value added livestock or crops. There needs to be innovative loan programs that reward these innovations and willingness to explore these avenues. For example, in this state there is a new hog cooperative in Mountain View that was founded by the Missouri Farmers Union. In this, a member can invest in the cooperative for the right to sell hogs that meet the standards set by the co-op. This is a value added product where the producer receives a premium for their product. The initial cost is minimal compared to other opportunities that are out there.

If the system truly wants to be modified then innovational ways of financing are going to have to be available. With less than 2 percent of the population farming today there are going to be more and more people in my position that do not come from production agriculture but would like to make it their career. I believe that the system can be fixed and public perception about the future of production agriculture can change. It is going to take many success stories however to do that.